

Presentation for June 25th Little Hoover Commission Salton Sea Hearing

Keali'i Bright, Deputy Secretary for Legislation, Natural Resources Agency.

Good morning, thank you for giving me the opportunity to represent the Natural Resources Agency today. My name is Keali'i Bright, I'm the Deputy Secretary for Legislative Affairs at the Natural Resources Agency and while Secretary Laird was unable to make this meeting, I've been serving as lead for the Agency on the Salton Sea and hope to be able to answer your questions. You have a long agenda here so I will keep my comments brief.

The reason we are here today is we face incredible challenges at the sea that your commission has seen first-hand. We are also here today plainly because the path to-date led by the state has not delivered what is needed at the Sea and there is little confidence locally and amongst our stakeholders that our current path will get us there. While we actually have made a lot of progress over the last few years in building consensus around expectations at the sea, we recognize that we need to lay out in clear terms what our goals and plans are for the short, medium and long term, if we are to successfully address the challenges we face in the coming years.

To achieve this, the Governor has assembled his lead staff from the Natural Resources Agency, Department of Fish and Wildlife, Department of Water Resources, Energy Commission, CalEPA, the Air Board, and the Water Board to convene as a task force to meet directly with stakeholders and develop short, medium and long term recommendations for the Governor to consider related to projects, delivery, and governance. Over the last two months, we have been able to meet as a group with most of the key stakeholders and expect to take our findings back to the Governor for his consideration in fairly short order.

At a high level, the state's priorities are to implement sustainable restoration and mitigation plans that protect regional air quality, natural resources at the sea and reinforce a stable Colorado River supply for California. Because funding and water are limited, we know we will face very blunt and impactful trade-offs as we move forward but I want to underscore today that there is enough water remaining after 2017 at the sea to do real meaningful work at the sea and we need to take the organizational steps needed to remove barriers and work together to leverage all of our strengths and resources to get work done. Since these are all issues before our task force I cannot speak for the administration but from my own experience here are three areas of concern that are shared by many of the task force participants:

- 1) **Governance:** We need to develop a governance structure that binds all stakeholders around the shared concerns of air quality, natural resources, regional impacts, and stable Colorado River supplies and works towards one plan, is empowered to make decisions and move forward

on projects. Right now we have a project-focused governance structure that has been too fragmented to unify our resources and mobilize a Salton Sea-wide plan.

2) Short term progress: We need to aggressively move forward on the projects that have been funded. These pilot projects were chosen to test different restoration strategies and project approval and delivery processes and will serve to inform all future projects. State funded restoration projects to-date have suffered the fate of being the first of their kind in the region and have had to individually weather complex, multijurisdictional permitting and delivery processes. Potential solutions to this fall within needs for governance reform and could include programmatic permitting or refinement of construction delivery processes;

3) Need for a plan: It is widely agreed that the \$9 billion plan is not feasible but rather than going down an entirely new planning effort, we should build upon the work that we, as a collective, already have or are working on currently to develop a realistic and sustainable medium and long term path forward. Learning from our experiences at Owens lake, this plan will surely be specific in some areas but will need to be largely adaptive to conditions we face on the ground.

Now, speaking to your question related to the activity of our partners, we have strong partnerships with both our local and federal agencies with each stepping up to take distinct leadership roles. This structure has served well to move forward individual projects but it could be complimented with a more consolidated governance structure that gives partners more opportunity to leverage each other's resources and work towards common defined goals. It is hard to speak for everything our partnering agencies do but starting with the Federal Government, their involvement from everything from developing baseline technical and scientific understanding of the sea, restoration project development and leadership with stakeholders has been essential. Imperial Irrigation District has been a very direct partner with the state and the Federal Government through their agreements to manage project delivery for both Red Hill Bay and our Species Conservation Habitat project. Additionally, although I do not have a lot of detail, IID has dedicated many resources over time through various efforts for proposal development, impact analysis and other activities that have helped move us forward. Lastly, through a legislative appropriation in the 2013-14 budget, the Salton Sea Authority, which has in its membership representatives from local county government and water agencies, has directly partnered with the state to conduct a feasibility analysis of restoration options and economic development options, and potential benefits, at the sea. Additionally, the Authority is helping manage one of the state's financial assistance grants for the development of wetlands habitat at the north end of the sea and the testing of Geo-tube construction technology, which could greatly reduce overall restoration costs.

All of these partners have been working together to move forward on the first phase of projects at the sea. These projects will provide a spectrum of restoration benefits and will serve as pilots to test strategies and inform future investments and management. Together, these projects comprise over 1000 acres of habitat and air quality benefit and have been fully funded. Specifically, the projects are as follows:

1. **Species Conservation Habitat Project:** Led by the Department of Fish and Wildlife and Department of Water Resources, full design provides 3700 acres of deep water fish and bird habitat which has been completely permitted. To date, the initial phase of 640 acres has been funded with state bond funds and should begin construction by the end of this year.
2. **Red Hill Bay:** The state awarded USFW \$3 million from DWR and the WCB to develop roughly 400 acres of shallow habitat with IID. This project should begin construction by years end.
3. **Torres Martinez Tribe Wetlands/Geotube trial project:** The State awarded \$1.1M to the Torres Martinez Tribe, working with the Salton Sea Authority, to rehabilitate 70 acres of wetland on tribal land at the north end of the sea and to test GeoTube® embankment technology to create habitat. Project is going through the permitting process right now.
4. **Salton Sea Water Habitat Project:** State awarded IID \$692,819 for a project aimed at creating habitat using the combined energy generated from “waste” steam generated by geothermal facilities and constructed solar ponds to desalinate water. The environmental documents and permits are well underway.

Next speaking to funding, the Salton Sea has a very complex funding history so included with my response is a copy of the State Auditor’s review of funding dedicated to the Salton Sea. Generally speaking, there are three types of funding expended and available for Salton Sea projects, bond funds, legislatively required water agency restoration funds, and QSA required water agency mitigation funds. First, bond funds. Proposition 84 provided \$45.4 million for projects. This funding has been used primarily for developing the state’s Species Conservation habitat project and Financial Assistance Program grants. All funding has been appropriated from this section and is construction funding has been set aside to develop projects. Proposition 1 specifically allocates \$475 million to various statewide settlement needs including the Salton Sea. It is unclear how much of this section will be dedicated to the Salton Sea and funding has not been appropriated yet. Next, water agencies were required by QSA legislation to fund restoration using ratepayer dollars. This funding will be paid over time and will total \$68 million. Last, the QSA requires that the signing water agencies contribute a total of \$133M for mitigation at the sea. This funding is managed by a separate JPA comprised of local water agency and State Fish and wildlife representatives.

Last, to your question relating to state obligations for both mitigation and restoration at the sea. Facing what we face, a successful strategy requires that you look at both restoration and mitigation together. Fundamentally, the threats that future reductions of inflows create for air quality and natural resources are so intertwined, a siloed response to each is likely to serve to the detriment to the other. Having said this, both are treated independently by the QSA and accompanying legislation. So speaking generally, for the costs of mitigating impacts of the water transfer, the Act required that the first \$133 million in mitigation be funded by the water agencies participating in the transfer. Beyond this amount, the QSA is fairly straight forward that all additional costs for mitigating the transfer are the obligation of the state. For restoration, legislation that accompanied the QSA required that the state prepare a plan to restore the Sea and present it to the legislature for funding. As you are aware, the State produced a comprehensive restoration plan estimated to cost nearly \$9 billion dollars; which most everyone agrees now is infeasible due to cost.

In closing, we all share a strong interest in successful management of the Salton Sea. Our work right now at the State level is to look at the landscape of options and develop meaningful short, medium, and long-term goals with a governance structure to deliver them. Thank you again for allowing me the chance to discuss these issues with you today and I am happy to respond to any questions you might have.